

FIRE PROTECTION DISTRICT NO. 7

**OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Annual Component Unit Financial Statements with
Independent Auditors' Report**

and

**Report on Internal Control over Financial Reporting and
Compliance and Other Matters**

For the Year Ended September 30, 2012

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate at the office of the parish clerk of court.

Release Date MAR 06 2013

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Fire Protection District No 7 of the Parish
of St Mary, State of Louisiana
Bayou Vista, Louisiana

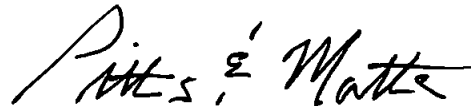
We have audited the accompanying financial statements of the governmental activities and each major fund and the respective budgetary comparison for the General Fund of Fire Protection District No 7 of the Parish of St Mary, State of Louisiana, a component unit of St Mary Parish, as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fire Protection District No 7's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fire Protection District No 7 as of September 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2013 on our consideration of Fire Protection District No. 7's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2013

**FIRE PROTECTION DISTRICT NO 7 OF THE PARISH OF ST MARY
STATE OF LOUISIANA**

**Statement of Net Assets
September 30, 2012**

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,429,750
Total current assets	<u>1,429,750</u>
Capital Assets	
Vehicles and equipment, net of accumulated depreciation	<u>600,655</u>
Total net capital assets	<u>600,655</u>
Total assets	<u>\$ 2,030,405</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities	
Accrued expenses	\$ 2,279
Accrued interest payable	5,275
Current portion of long-term debt	<u>85,000</u>
Total current liabilities	<u>92,554</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>1,765,000</u>
Total noncurrent liabilities	<u>1,765,000</u>
Total liabilities	<u>1,857,554</u>
Net assets (deficit)	
Invested in capital assets, net of related debt	655
Restricted for	
Debt service	78,819
Capital projects	(57,286)
Unrestricted	<u>150,663</u>
Total net assets	<u>172,851</u>
Total liabilities and net assets	<u>\$ 2,030,405</u>

**FIRE PROTECTION DISTRICT NO 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Activities
For the Period Ended September 30, 2012**

	<u>Total</u>
<u>Expenses</u>	
Advertising	\$ 2,652
Auto and truck	13,469
Insurance	35,598
Professional services	7,270
Election expense	4,977
Retirement	23,047
Office	5,075
Repair and maintenance	16,494
Salaries	99,442
Utilities and telephone	4,470
Training	9,509
Miscellaneous	3,349
Depreciation expense	65,726
Interest	27,665
Fees on long-term debt	37,770
Total program expenses	<u>356,513</u>
<u>Program revenues</u>	
State payroll contribution	<u>12,500</u>
Total program revenues	<u>12,500</u>
Net program (expense)	<u>(344,013)</u>
<u>General revenues</u>	
Advalorem taxes	381,414
Investment income	571
Total general revenues	<u>381,985</u>
Change in net assets	37,972
Net assets - beginning of period	<u>134,879</u>
Net assets - end of period	<u>\$ 172,851</u>

**FIRE PROTECTION DISTRICT NO 7 OF THE PARISH OF ST MARY
STATE OF LOUISIANA**

**Balance Sheet
Governmental Funds
September 30, 2012**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 135,590	\$ 81,787	\$ 1,212,373	\$ 1,429,750
Due from Capital Projects Fund	<u>17,352</u>	<u>2,307</u>	<u> </u>	<u>19,659</u>
Total assets	<u>\$ 152,942</u>	<u>\$ 84,094</u>	<u>\$ 1,212,373</u>	<u>\$ 1,449,409</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	2,279			2,279
Due to General Fund			17,352	17,352
Due to Debt Service Fund			<u>2,307</u>	<u>2,307</u>
Total liabilities	<u>2,279</u>	<u>-</u>	<u>19,659</u>	<u>21,938</u>
Fund balances				
Unassigned	150,663			150,663
Restricted for debt service		84,094		84,094
Restricted for capital improvements			<u>1,192,714</u>	<u>1,192,714</u>
Total fund balances	<u>150,663</u>	<u>84,094</u>	<u>1,192,714</u>	<u>1,427,471</u>
Total liabilities and fund balances	<u>\$ 152,942</u>	<u>\$ 84,094</u>	<u>\$ 1,212,373</u>	<u>\$ 1,449,409</u>

Reconciliation of the total fund balance -- total governmental funds
to the nets assets of governmental activities

Total fund balance - Governmental Funds		\$	1,427,471
Amounts reported for governmental activities in the Statement of Net Assets are different because			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet			600,655
Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet			(5,275)
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet			
Current portion of long-term debt	\$85,000		
Noncurrent portion of long-term debt	<u>1,765,000</u>	<u>(\$1,850,000)</u>	
Net assets (deficit) of governmental activities		\$	<u>172,851</u>

**FIRE PROTECTION DISTRICT NO 7 OF THE PARISH OF ST MARY
STATE OF LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Period Ended September 30, 2012**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
State payroll contribution	\$ 12,500			\$ 12,500
Ad valorem taxes	238,702	\$ 142,712		381,414
Investment income	257	147	\$ 167	571
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	251,459	142,859	167	394,485
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>				
Current				
Advertising	2,652			2,652
Auto and truck	13,469			13,469
Insurance	35,598			35,598
Professional services	7,270			7,270
Election expense	4,977			4,977
Retirement	23,047			23,047
Office	4,967		108	5,075
Repair and maintenance	16,494			16,494
Salaries	99,442			99,442
Utilities and telephone	4,470			4,470
Training	9,509			9,509
Miscellaneous	3,315		34	3,349
Debt service				
Principal		40,000		40,000
Interest and fiscal charges		24,490		24,490
Fees			37,770	37,770
Capital outlay	45,441		35,413	80,854
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	270,651	64,490	73,325	408,466
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other financing sources</u>				
Proceeds from bonds	-	-	1,250,000	1,250,000
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(19,192)	78,369	1,176,842	1,236,019
Fund balances (deficit), beginning of period	169,855	5,725	15,872	191,452
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of period	\$ 150,663	\$ 84,094	\$ 1,192,714	\$ 1,427,471
	<hr/>	<hr/>	<hr/>	<hr/>

Reconciliation of the changes in fund balances - total governmental funds to the change in net assets of governmental activities

Net change in fund balance - Governmental Funds \$ 1,236,019

Amounts reported for governmental activities in the Statement of Activities are different because

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases noncurrent liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net assets. This is the amount by which proceeds (\$1,250,000) exceed repayment (\$40,000) (1,210,000)

Governmental funds report capital outlay expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$80,854) exceeded depreciation (\$65,726) 15,128

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, they are not reported as expenditures in the governmental funds

Interest (3,175)

Change in net assets of governmental activities \$ 37,972

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Budgetary Comparison - General Fund
For the Year Ended September 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
State payroll contribution			\$12,500	\$12,500
Ad Valorem tax	\$176,607	\$255,000	238,702	(16,298)
Investment income			257	257
	<u>176,607</u>	<u>255,000</u>	<u>251,459</u>	<u>(3,541)</u>
<u>Expenditures</u>				
Current				
Advertising			2,652	(2,652)
Auto and truck	5,000	15,000	13,469	1,531
Insurance	29,500	35,257	35,598	(341)
Professional services			7,270	(7,270)
Election expense			4,977	(4,977)
Retirement	16,500	16,500	23,047	(6,547)
Office	9,100	9,100	4,967	4,133
Repair and maintenance	20,000	20,000	16,494	3,506
Salaries	57,240	78,000	99,442	(21,442)
Utilities and telephone	5,000	5,000	4,470	530
Training			9,509	(9,509)
Miscellaneous			3,315	(3,315)
Capital outlay	10,000	20,000	45,441	(25,441)
	<u>152,340</u>	<u>198,857</u>	<u>270,651</u>	<u>(71,794)</u>
Excess (deficiency) of revenues over expenditures	24,267	56,143	(19,192)	(75,335)
Fund balances, beginning of year	169,855	169,855	169,855	-
Fund balances, end of year	<u>\$194,122</u>	<u>\$225,998</u>	<u>\$150,663</u>	<u>(\$75,335)</u>

FIRE PROTECTION DISTRICT NO 7 OF THE PARISH OF
ST MARY, STATE OF LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No 7 (the District) of the Parish of St Mary, State of Louisiana, was created by Ordinance No 1008 of the St Mary Parish Council on May 27, 1987. Active operations of the District began on October 24, 2007. The District encompasses the area of the Parish known as Bayou Vista. The purpose of the District is to provide fire prevention, fire protection, medical assistance, and extrication rescue. The District's firefighters are volunteers of the Bayou Vista Volunteer Fire Department.

The financial statements of Fire Protection District No 7 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a Financial benefit or burden
- b Appointment of a voting majority
- c Imposition of will
- d Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of the St Mary Parish Council (the primary government).

These financial statements include only the operations of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities which report all activities of the District as a whole. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

C Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the funds utilized by the District.

Governmental Funds

The District considers all three of its governmental funds to be major funds.

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund

The Construction Fund, a capital projects fund, is used to account for financial resources to be used for the acquisition or construction of major facilities for the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities (whether current or noncurrent) are included on the statement of net assets and the statement of activities presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a thirty-day period after year end).

E Revenues

The following is a summary of the District's recognition policies for its major revenue sources:

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year taxes are assessed and collected.

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed

F Expenses/Expenditures

The government-wide financial statements recognize expenses under the accrual basis of accounting and records the related liability at the time the expense is incurred

In the fund financial statements, expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt which is not recognized until due

G Budgets

Annual appropriated budgets are adopted for the General Fund. The District is not required and does not adopt budgets for its Debt Service Fund and Capital Projects Fund. For these reasons, the financial statements do not contain a budget to actual comparisons for these funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Budgets are amended when necessary with Board approval. In the financial statement comparison of the budget to actual amounts, both the original and final amended budget amounts are shown. The budget comparison is presented as a basic financial statement.

H Cash and Cash Equivalents

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturities of less than three months.

I Fixed Assets

The accounting treatment over property, plant, equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All purchased fixed assets are valued at historical cost. Costs include all auxiliary costs to place the assets in service including delivery fees, freight and capitalized interest costs. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

<u>Category</u>	<u>Years</u>
Equipment	3-10
Vehicles	5-15

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operation are accounted for as capital outlay expenditures of the governmental fund when payment is made.

J Long-term Debt

Government-wide Financial Statements

In the government-wide financial statements, all long-term debt is reported as a liability. The long-term debt of the District consists of bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

K Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in the three components:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- a) Invested in capital assets, net of related debt - Consists of capital assets and deposits set aside to purchase capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets
- b) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation
- c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt"

Fund Financial Statements

Governmental fund equity may be classified by five categories nonspendable, restricted, committed, assigned, and unassigned. At present, the District only requires reporting of restricted and unassigned. Restricted represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Unassigned represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the general fund.

L Interfund receivables and payable

Temporary reallocations between funds of the District are classified as due to and due from. For the purpose of the Statement of Net Assets, all due to and due from amounts between individual governmental funds have been eliminated.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition the District does not have a formal investment policy related to credit risk (including concentrations of credit). However the District does follow state law as to limitations on types of deposits and investments as described below.

The District does not invest in any investments subject to foreign currency risk.

Under state law the District may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

At year end, the carrying amount of the District's cash was \$1,429,750 and the bank balance was \$1,431,611 (\$469,238 was covered by federal depository insurance, the remaining \$962,373 was collateralized by securities held by the financial institution's agent but not in the District's name)

NOTE 3 - TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

The District receives 8 mils of property tax, 5 mils is distributed to the General Fund and dedicated to operations and maintenance and 3 mils is distributed to the Debt Services Fund and dedicated to debt retirement.

NOTE 4 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2012 is as follows:

	Balance September 30, <u>2011</u>	<u>Additions</u>	Balance September 30, <u>2012</u>
Capital assets			
Equipment	\$ 125,417	\$ 80,854	\$ 206,271
Vehicles	<u>605,427</u>	<u>-</u>	<u>605,427</u>
Total capital assets at historical cost	<u>730,844</u>	<u>80,854</u>	<u>811,698</u>
Less accumulated depreciation for			
Equipment	(16,866)	(21,436)	(38,302)
Vehicles	<u>(128,451)</u>	<u>(44,290)</u>	<u>(172,741)</u>
	-	-	-
Total accumulated depreciation	<u>(145,317)</u>	<u>(65,726)</u>	<u>(211,043)</u>
Total capital assets, net	<u>\$ 585,527</u>	<u>\$ 15,128</u>	<u>\$ 600,655</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the period ended September 30, 2012

Balance at September 30, 2011	\$ 640,000
Additions	1,250,000
Reductions	<u>(40,000)</u>
Balance at September 30, 2012	<u>\$1,850,000</u>

Obligations payable at September 30, 2012, are as follows

General Obligation Bonds

\$750,000 of General Obligation Bonds were issued on June 1, 2008, for the purpose of acquiring, constructing and improving fire protection facilities and equipment, including purchasing and equipping a ladder truck. The bonds bear interest at rates of 3.95 percent and are payable through the year 2023. The bonds are to be retired with ad valorem taxes by the Debt Service Fund

\$600,000

\$1,250,000 of General Obligation Bonds were issued on August 30, 2012, for the purpose of acquiring, constructing, and improving fire protection facilities, machinery, and equipment. The bonds bear interest at a rate of 3.15 percent and are payable through the year 2032. The bonds are to be retired with ad valorem taxes by the Debt Service Fund

1,250,000
\$1,850,000

The following is an approximation of future debt requirements at September 30, 2012

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 85,000	\$ 61,686	\$ 146,686
2014	92,000	58,448	150,448
2015	94,000	55,159	149,159
2016	100,000	51,724	151,724
2017	102,000	48,142	150,142
2018-2022	585,000	181,424	766,424
2023-2027	403,000	89,598	492,598
2028-2032	<u>389,000</u>	<u>31,421</u>	<u>420,421</u>
	<u>\$1,850,000</u>	<u>\$577,602</u>	<u>\$2,427,602</u>

NOTE 5 - LONG-TERM DEBT (continued)

The District is subject to certain affirmative and negative covenants pursuant to its bond and debt agreements. The covenants include but are not limited to

- 1 Establishment and funding of a debt service fund
- 2 Restriction as to additional debt issuance

NOTE 6 - DUE TO/FROM

Due to/from other funds at September 30, 2012 consists of the following

<u>Payable To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 17,352
Debt Service Fund	Capital Projects Fund	2,307

The \$17,352 payable to the General Fund from the Capital Projects Fund is for equipment that was purchased by the General Fund for the Capital Projects Fund. The \$2,307 payable to the Debt Service Fund from the Capital Projects Fund is for a prior year overpayment.

NOTE 7 - COMMITMENTS AND SUBSEQUENT EVENTS

At year end, the District had available approximately \$1,220,000 of funds for purchase of additional capital assets. Subsequent to year end, the District purchased two new fire trucks for a total of approximately \$820,000.

NOTE 8 - RELATED PARTIES

The District and the Bayou Vista Volunteer Fire Department jointly provide fire protection for the area. The Bayou Vista Volunteer Fire Department provides the use of the fire station, fire trucks, certain fire equipment, and services of volunteer firefighters. No amounts are reported for these items or services in these financial statements.

NOTE 9 – RETIREMENT PLAN

The employees of the Fire Protection District No 7 of St Mary Parish are members of the Louisiana Firefighters' Retirement System, a multiple-employer (cost-sharing) public employee retirement system. The System provides retirement, disability, and death benefits to plan members and beneficiaries. The System issues an annual publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Capitol Station, Baton Rouge, Louisiana, 70804.

Plan members are required by the State Legislature to contribute 8% of their annual salary to the plan and Fire Protection District No 7 of St Mary Parish was required to contribute 23.5% of their employee's salary from October 1, 2011 to June 30, 2012 and 24% from July 1, 2012 to September 30, 2012. The District's annual contributions for the years ended September 30, 2012, 2011, and 2010 were approximately \$23,000, \$12,000, and \$10,000 respectively.

The District does not maintain any other post employment benefit plans.

NOTE 10 - COMPENSATION OF BOARD MEMBERS

Board members did not receive any per diems for the period ended September 30, 2012.

NOTE 11 - CONCENTRATIONS

The Ad valorem taxes accounted for approximately 96% of the District's revenues.

**INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND
OTHER MATTERS SECTION**



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Fire Protection District No 7 of the Parish of St Mary,
State of Louisiana
Bayou Vista, Louisiana

We have audited the financial statements of governmental activities and each major fund and the respective budgetary comparison for the General Fund of Fire Protection District No 7 as of and for the year ended September 30, 2012, which collectively comprise the Fire Protection District No 7's basic financial statement and have issued our report thereon dated February 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Fire Protection District No 7, is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered Fire Protection District No 7's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fire Protection District No 7's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fire Protection District No 7's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

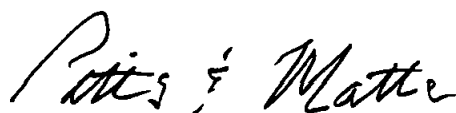
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 7's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

Fire Protection District No. 7's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Fire Protection District No. 7's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the management of the District, the Legislative Auditor of the State of Louisiana, the Finance Committee of the St. Mary Parish Council, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2013

**FIRE PROTECTION DISTRICT No. 7
of the Parish of St. Mary, State of Louisiana**

**Schedule of Findings, Questioned Costs, and Federal Awards
For the Year Ended September 30, 2012**

A SUMMARY OF AUDIT FINDINGS

- 1 The auditors' report expresses an unqualified opinion on the financial statements of the Fire Protection District No. 7 of the Parish of St. Mary

- 2 Report on Internal Control and Compliance Material to the Financial Statements

Internal Control Over Financial Reporting

No findings are required to be reported for the year ended September 30, 2012

Compliance and Other Matters

One instance of noncompliance material to the financial statements is reported

- 3 Federal Awards

This section is not applicable for the year ended September 30, 2012

B FINDINGS FINANCIAL STATEMENT AUDIT

ITEM OF NONCOMPLIANCE

ITEM 2012-1

Budget

Auditor's Comments

Condition During the course of the audit for the year ended September 30, 2012, it was noted that the District failed to amend its budget when actual expenditures exceeded budgeted expenditures by more than five percent

Criteria Louisiana statutes require that budgets be amended when actual expenditures exceed budgeted expenditures by more than five percent

Effect Failure to amend budgets to recognize anticipated shortfalls in funds prevents the governmental body from effectively curtailing projects and/or services in accordance with actual available resources

Cause The cause is unknown

Recommendation In the future, the budget should be amended as need when expenditure exceed the original adopted budget by more than five percent

Management's Response In the future, budget variances will be monitored on a monthly basis and budget adjustments will be recommended to the board when variances exceed the percentages as specified in the budget ordinance

C FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2012

**SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY FIRE PROTECTION DISTRICT NO. 7 OF ST. MARY PARISH,
STATE OF LOUISIANA**

**INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS MATERIAL TO
THE FINANCIAL STATEMENTS**

Internal Control and Compliance

There were no findings in the prior year

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable

Fire Protection District No. 7

of the Parish of St. Mary

February 15, 2013

Mr Daryl Purpera, CPA, CFE
Legislative Auditor, State of Louisiana
P O Box 94397
Baton Rouge, LA 70803-9397

Dear Mr Purpera

Fire Protection District No 7 of the Parish of St Mary, State of Louisiana respectfully submits the following corrective action plan for their year ended September 30, 2012

CORRECTIVE ACTION

Person Responsible Harold Driggers, Chairman
Fire Protection District No 7 of the Parish
of St Mary, State of Louisiana
P.O BOX 143
Berwick, LA 70342

Time of Completion September 30, 2013

Noncompliance Re Item No 2012-1

Budget During the audit, our auditors noted that the District failed to amend its budget when actual expenditures exceeded budgeted expenditures by more than five percent

Corrective Action In the future, budget variances will be monitored on a monthly basis and budget adjustments will be recommended to the board when variances exceed the percentages as specified in the budget ordinance

This plan of action is being submitted in accordance with Legislative requirements If you have any questions concerning this action, contact the undersigned

Fire Protection District No 7 of the Parish of St Mary, State of Louisiana



Harold Driggers
Chairman